IOWA ALLIANCE
IAHC
IN HOME CARE

1520 High Street
Des Moines, IA 50309-3110
iowahomecare.org
Tel: 515.282.3965

December 2, 2008

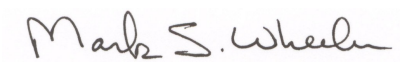
Patty Funaro
Legislative Services Agency

Dear Ms. Funaro,

Attached please find a revised version of the presentation made by the Iowa Alliance in Home Care at the November 13th Elderly Waiver Legislative Study Committee meeting. In addition to clarification of our main issues and associated recommendations our updated presentation includes responses to the questions posed by legislative members. Please note that, with one exception, we address all of the additional legislators' questions within our main issues section.

Please let me know if you have any questions or require additional information. We appreciate the opportunity to submit this information for committee and staff consideration. Please keep us advised of future meetings of this group or on this topic. The Iowa Alliance in Home Care will be happy to provide further testimony at the convenience of the State Legislature.

Regards,



Mark Wheeler
Executive Director

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Iowa Medicaid Elderly Waiver Program
Home Health Issues & Recommendations

Iowa Alliance in Home Care

Background

The Iowa Alliance in Home Care represents Medicare-certified Home Health Agencies and other providers of in-home health services throughout Iowa. Services provided to Iowans under the Medicaid state plan and waivers are a major source of reimbursement for most home health providers in Iowa. As a result, we are pleased to have the opportunity to submit what we believe are the key Iowa Medicaid Elderly Waiver issues along with associated recommendations to the study committee.

Issues

The issues that we have identified with the current Elder Waiver program include:

1. **Low Rates** - Rates are lower than providers' calculated cost per hour. Many providers have had to cap their waiver program to conserve financial and human resources. An annual inflation adjustment is required.

   Recommendation
   The committee should consider the need for immediate revision of rates. Unless the rates are increased by at least 25%, more and more providers will withdraw from the program. The current rates barely cover the direct cost of providing the services. Rates should also take into consideration time spent traveling (i.e. staff time) and travel expenses (i.e. mileage).

   Currently, the amount of uncompensated travel-related expenses per visit is approx. $49.77.

   Source Data:

   - Statewide average miles traveled for a home care visit - 21 miles each way (i.e. 42 miles roundtrip) - $0.585/mi. (current IRS allowable)
     Note: No data exists to break down this mileage figure between rural and urban areas.
   - Average Nurse Compensation (i.e. salary and benefits)-$25/hr
   - Average Home Health Aide Wage (i.e. salary and benefits)- $11/hr

2. **"Skilled Nursing" Services Coverage** - Hourly "Skilled Nursing" Services are currently not covered. Skilled nursing is billed as "Assessment and intervention".

   Recommendation
   Allow for "Skilled Nursing" coverage flexibility as needed in the rules.

3. **"Level of Care" Determination Delays** - In some areas of the state long wait times for "level of care" determination can cause delays in providing services to individuals at risk for nursing home placement.

   Recommendation
   The process for "level of care" determination needs to be reviewed and revised to reduce service access delays.

4. **Duplicative Regulatory Requirements** – Many regulatory requirements are duplicative in light of what providers already have in place, are often confusing and add to the cost of providing the service.
   Example: The new Quality Assurance Program for which we are not reimbursed.

   Recommendation
   Streamline the regulations to remove unnecessary compliance activities and costs. Further, the Quality Assurance Program requirement should be streamlined to meet the needs of home health.

5. **Direct Care Worker Shortage** – There are not enough providers of direct care.

   Recommendation
   Improve rates plus provide reimbursement for travel time and travel expenses (see #1). This would allow for better worker pay and benefits that, in turn, would benefit recruitment and retention efforts. This applies to both skilled and non-skilled staff.

6. **Case Management / Professional Assessment Coordination** – With recent changes to the case management program, coupled with non-professional/non-nursing personnel performing assessments, we believe that there are a lot of people getting missed that could be receiving services.
   Example: When a nurse performs an assessment the individual's socks and shoes are removed and the feet are looked at. This process often yields important health information (i.e. when they last had a bath, nails trimmed, sores, purple color). In addition, nurses know to recognize duplicate meds, med errors etc.

   Recommendation

   Include nurses in the service plan set-up. It is a myth that non-professionals doing assessments will save money for the program. This approach may be profitable in short-term, but ultimately it hits the healthcare industry hard by decreasing the quality of care and increasing the number of unsatisfied consumers, and ultimately bringing patient outcomes downward.

7. **Limited Home Telemonitoring Reimbursement** – There is currently limited definition and reimbursement for home telemonitoring services.

Recommendations

The committee should define criteria for home telemonitoring. There needs to be funding under the program as this technology helps to extend limited provider resources and offers significant costs savings for the program over the long run. This is a key strategy in the proactive efforts to combat the Nation-wide nursing shortage. Home tele-health will allow the program to save significant amounts of money by minimizing nursing and skilled level care. The saved dollars can be invested towards better quality consumer care. The dollar saving will itself finance the goal to bring more consumers under the program. Reimbursement for telemonitoring services for self management will lower the need for more costly rehospitalization.

Responses to Additional Questions Posed by Legislative Study Committee Members

What is the difference between the Medicaid rate and the MR Waiver rate?

The Home Health Aide "per visit" rate is the same as the Medicaid "per visit" rate. However, the Medicaid rate is significantly low for all home care providers and is becoming increasingly inadequate due to a cost-based reimbursement formula that limits provider payment to rates that have had little adjustments since 2001 while operating expenses are at 2008 levels.

There is a legislatively-mandated "fixed rate" fee schedule that will be implemented effective July 1, 2009. The Iowa Alliance in Home Care is proposing that, in order to correct this significant shortfall in funding, the new Medicaid Home Care fee schedule rates should be set equal to the federal Medicare "per visit" rates. Given this serious discrepancy in reimbursement currently, it is imperative that the legislature fully fund the new home care fee schedule in the FY 2010 DHS budget.

Additional Recommendations

We believe that the Legislature should take a closer look at the healthcare continuum as it relates to the Elderly Waiver program. Remember, the most cost effective and best quality of life option is in-home care.